

Executive Summary

Domestic Veg. Oil Market Summary

Most of the edible oils witnessed gains during the week under review tracking easing Malaysian palm oil stocks to one-year low level and better buying from wholesalers. However, higher Kharif oilseed sowing thanks to timely onset of monsoon over key oilseeds producing regions limit excessive gains.

Crude palm oil (Kandla) was the top gainer among the edible oil pack owing to depreciating Indian rupee against USD and supportive international palm oil market. Moreover, weekly gains also witnessed in refined sunflower (Chennai) and mustard oil (Kota).

Sown area for Kharif oilseed stood at 135.99 lakh hectares as on 11 July 2013. However, oilseeds sowing were 67.70 lakh hectares in the corresponding period of last year – Ministry Of Agriculture.

On the currency front, Indian rupee against USD closed at 59.57, up 1.08 percent as compared to the previous week. We expect edible oil complex to trade sideways to slightly firm tone in the coming days owing to upcoming Muslim festivities and supportive palm oil fundamentals. However, adequate global edible oil supply and need based demand in cash market may limit excessive gains.

International Veg. Oil Market Summary

CBOT soy oil (July) is expected to stay in the range of 46.20 cents/lb to 47.80 cents/lb. CPO at BMD (Aug) is likely to trade in the range of 2280-2390 ringgits per tons. Focus during the coming days will be on the US weather over key soybean growing region, Chinese soybean demand, and Malaysian palm oil fortnight export figures.

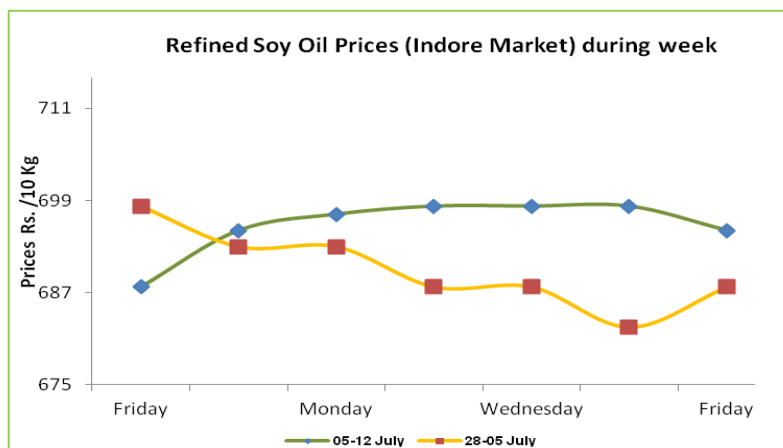
Higher soybean production in South American countries and in expectation of higher US soybean output in the current season support the global soybean supplies in the medium term. However, good soybean demand from China & old US soy crop tightness favors the bulls in the days ahead.

Easing Malaysian palm oil inventories and ongoing Muslim festivities may buoy palm oil prices in the coming days. However, palm oil production is likely to pick up in second half of the year owing to seasonally high yield phase in the South East Asian countries support the palm oil supply scenario, which may cushion gains in the medium term.

Soy oil:

Domestic Fundamentals:-

- Soybean oil featured steady to firm tone owing to gains in the international palm oil and weak Indian rupee against US dollar.
- As per the latest report of Ministry of Agriculture, sown area for Kharif Soybean stood at 103.12 lakh hectares as on 11 July 2013. However, soybean sowing was 54.52 lakh hectares in the corresponding period of last year.
- News sources revealed that India is considering raising the import tax on refined edible oils products by 2.5 percentage points within a month to support the local refiners struggling to generate profits. In last two months share of refined oil (RBD Palmolein) has jumped to over 40% from 16% in March'13.
- IBIS data revealed that India imported 0.83 lakh tons of crude soybean oil majorly from Argentina and Brazil in the month of June.
- We expect soy oil may trade with a range bound in expectation of stock build up from wholesalers ahead of Ramadan. However, higher oilseed sowing due to favorable weather support the supply prospects in the medium term.



International Fundamentals:-

- Brazil's government agency, CONAB has raised its estimate of the soy crop to 81.50 million tons from 81.30 million tons previously.
- China's General Administration of Customs has reported that the soybean imports in June '13 increased by 36% from May '13, to 6.93 million tons on easing port congestion in Brazil, which boosted shipments. Overall soybean imports for the first six months were down 5.4 per cent from last year at 27.49 million tons.
- As per the latest USDA crop progress report, the US soybean crop planting has been completed. As of July 7, the soybean emergence is reported at 95 per cent, advancing from 91 percent last week but is slightly behind 5-year average of 97 per cent. Soybean blooming is reported at 10 percent compared to 5-year average of 24 percent. 67 percent of the crop is reported in good to excellent condition compared with 40 percent in the same period last year.
- Higher soybean production in South American countries and in expectation of higher US soybean output in the current season support the global soybean supplies in the medium term. However, good soybean demand from China & old US soy crop tightness favors the bulls in the days ahead.

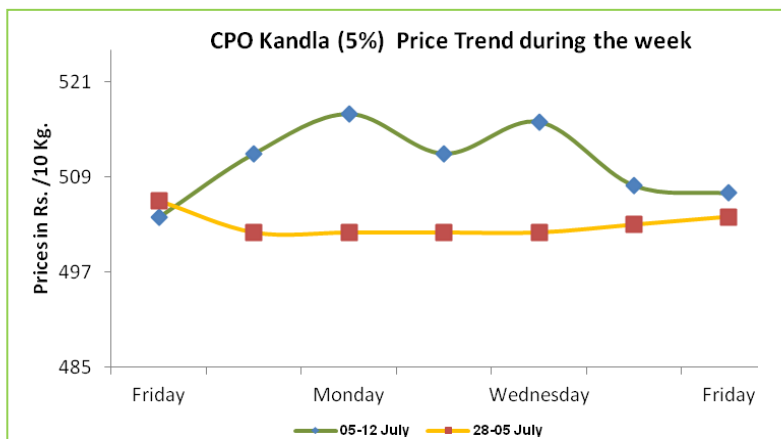
Price Outlook:

We expect refined soy oil at Indore (with VAT) to stay in the range of 675-695 per 10 Kg in the near term.

Palm Oil:

Domestic Fundamentals:-

- CPO Kandla 5% featured gains during the week in review tracking firmness in the international palm oil market and talks of import duty hike.
- As per Reuters survey, India is likely to import 21 percent less of the refined oils variant in June at 295,714 tons. Moreover, edible oils stocks at Indian ports at the end of June had fallen 1.3 percent to an average of 616,667 tons from May.
- At the import front, IBIS figures revealed that Indian buyers imported 3.48 lakh tons of crude palm oil, 3.31 lakh tons of RBD palmolein and 0.39 lakh tons of crude palm kernel oil in the month of June.
- As per sources, demand for edible oils was average and market participants refrain from bulk buying in anticipation of higher edible oil supplies in the current season due higher oilseed sowing.
- We expect domestic palm oil prices may trade range bound to firm tone in expectation of good demand during Muslim festivities.



International Fundamentals:-

- Positive palm oil products exports reported from Malaysia for June. cargo surveyor Intertek Testing Services Cargo report depicts a 7 percent gains in the exports of Malaysian palm oil products for June to 13.5 lakh tons compared to the last month.

Breakdown of ITS palm export figures for June compared to a month ago (in tons):

Palm Products	June	May	% Change
Crude palm oil	279,768	282,220	-0.9
RBD palm oil	133,716	107,962	23.85
RBD palm olein	576,380	508,831	13.3
RBD palm stearin	123,887	139,653	-11.3
Crude palm kernel oil	18,050	19,870	-9.2
Palm fatty acid distillate	38,620	53,220	-27.4

Importers	June	May	% Change
EU	260,225	192,743	35.0
China	271,375	226,390	19.9
India & Sub. Continent	376,530	365,736	3.0

- Malaysian Palm Oil Board (MPOB) has reported that Malaysia's June palm oil stocks fell by 9.4 per cent to 1.65 million tons from last month. In addition; crude palm oil production in June 2013 at 1.42 million tons was up 2.3 per cent from May 2013.
- Malaysia will set its crude palm oil export tax for July at 4.5 percent, unchanged since March. Moreover, Southeast Asian country calculated a reference price of 2,382.32 ringgit per tons for crude palm oil for July.
- Easing Malaysian palm oil inventories and ongoing Muslim festivities may buoy palm oil prices in the coming days. However, palm oil production is likely to pick up in second half of the year owing to seasonally high yield phase in the South East Asian countries support the palm oil supply scenario, which may cushion gains in the medium term.

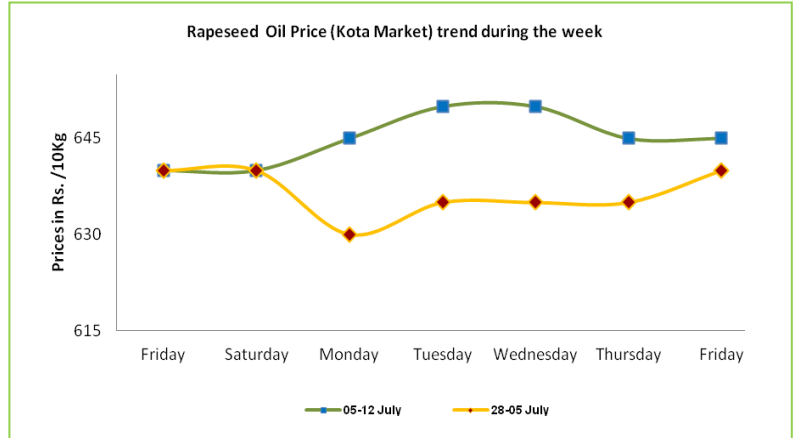
Price Outlook:

We expect CPO Kandla 5% (without VAT) to stay in the range of 493-512 per 10 Kg in the near term.

Rapeseed oil:

Domestic Market Fundamentals

- Mustard oil featured firm tone during the week at Kota market due to firmness in the competing edible oils.
- Gains in the competing edible oils owing to bullishness in the international palm oil market support the sentiments. However, higher Kharif oilseed sowing and good weather conditions support the crop prospects and likely to weigh on the market sentiments in the medium term. However, slight gains could be witness in expectation of good demand during Ramadan.
- As per the third advance estimates of production released by Ministry of agriculture, the oilseed production for 2012/13 is estimated at 30.7 million tonnes, up 1.23 million tons, mustard seed is estimated at 7.4 million tons. As per Agriwatch estimates, mustard oil output seen at 29.2 lakh tons, up 22 percent from the previous oil year.
- We expect RM seed oil prices may trade range bound in anticipation of improved buying. However, adequate mustard supplies would negate the excessive gains.



International Fundamentals:-

- As per Oil World, Germany is likely to overtake France as the EU's largest rapeseed producer in 2013 with a crop of 5.75 million tons, up from 4.82 million tons in 2012 and up from the 5.50 million tons forecast for 2013 in June.

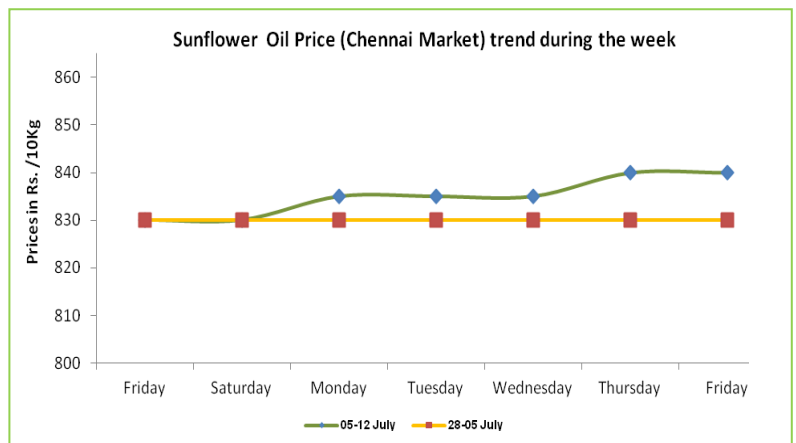
Price Outlook:

Rapeseed oil in Kota market is likely to trade in the price band of Rs 612-635 per 10 Kg.

Sunflower Oil:

Domestic Fundamentals:-

- Sunflower oil featured slight gains at its benchmark market Chennai during the week due to weak Indian rupee against USD and good demand from wholesalers.
- As per the latest report of Ministry of Agriculture, sown area for Kharif Sunflower seed stood at 0.95 lakh hectares as on 11 July 2013 up 111 % compared to corresponding period last year, which was 0.45 lakh hectares. Higher sowing witnessed in Karnataka and Maharashtra due to better rains.
- At import front, IBIS data revealed that India imported 1.56 lakh tons of crude sunflower oil majorly from Ukraine in the month of June. While, Crude sunflower oil imports by India reached 577,923 tons in the current oil year 2012/13 until May and were thus lower than the 732,321 tons imports against same period of the last year - SEA of India.
- CCEA retained the minimum support price (MSP) of sunflower seed to previous year levels of Rs 3700 per quintal.
- We expect sunflower oil prices may trade with steady to firm note in the near term.



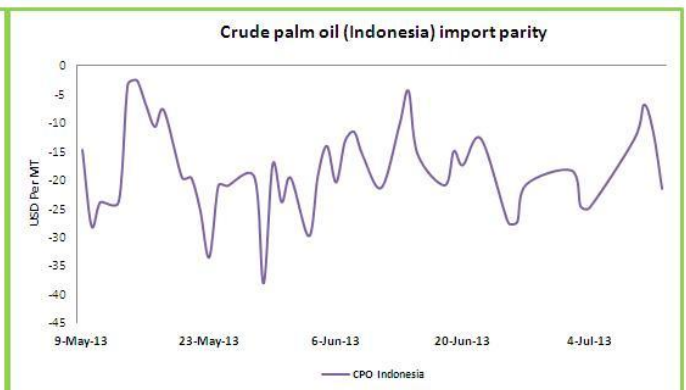
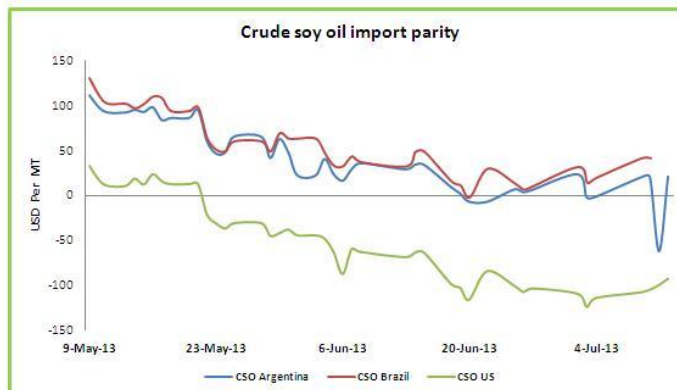
International Fundamentals:-

- Sunflower seed crop in Black Sea region seen at 22.2 million tons in 2013/14 season, up 15.02 percent from last year due to increased sowing area and favorable weather conditions – UkrAgroConsult.

Price Outlook: Sunflower oil prices in Chennai may stay in the range of Rs 815-850 per 10 Kg.

Landed Cost at the Indian Ports - Crude soy oil and Crude palm oil

Landed Cost Calculation as on 12/7/2013	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia
FOB USD per ton	902	NA	1030	790
Freight (USD/MT)	75	65	60	38.0
C & F	977.0	65.0	1090.0	828.0
Weight loss (0.25% of FOB)	2.26	-	2.58	1.98
Finance charges (0.4% on CNF)	3.91	0.26	4.36	3.31
Insurance (0.3% of C&F)	3	0	3	2
CIF (Indian Port - Kandla)	986	-	1100	836
CVD	0	0	0	0
Duty USD per ton	25.50	25.50	25.50	21.35
CVD value USD per ton	0	0	0	0
Cess (2% on duty) USD per ton	0.51	0.51	0.51	0.427
Exchange rate	59.89	59.89	59.89	59.89
Landed cost without customs duty in INR per ton	59057	-	65891	50054
Customs duty %	2.5%	2.5%	2.5%	2.5%
Base import price	1020	1020	1020	854
Fixed exchange rate by customs department	59.20	59.20	59.20	59.20
Duty component in INR per ton	1509.60	1509.60	1509.60	1263.92
Clearing charges INR per ton	483	483	483	483
Brokerage INR per ton	190	190	190	190
Total landed cost INR per ton	61240	-	68074	51991
Domestic Market price INR/ton Soy Degum Kandla/CPO Kandla 5%	62500	62500	62500	50700
Total landed cost USD per ton	1023	-	1137	868
Domestic Market price USD/tons Soy Degum Kandla/CPO Kandla 5%	1044	1044	1044	847
Parity INR/MT (Domestic - Landed)	1260	-	-5574	-1291
Parity USD/MT (Domestic - Landed)	21.04	-	-93.07	-21.56
Source: Agriwatch/ Reuters				

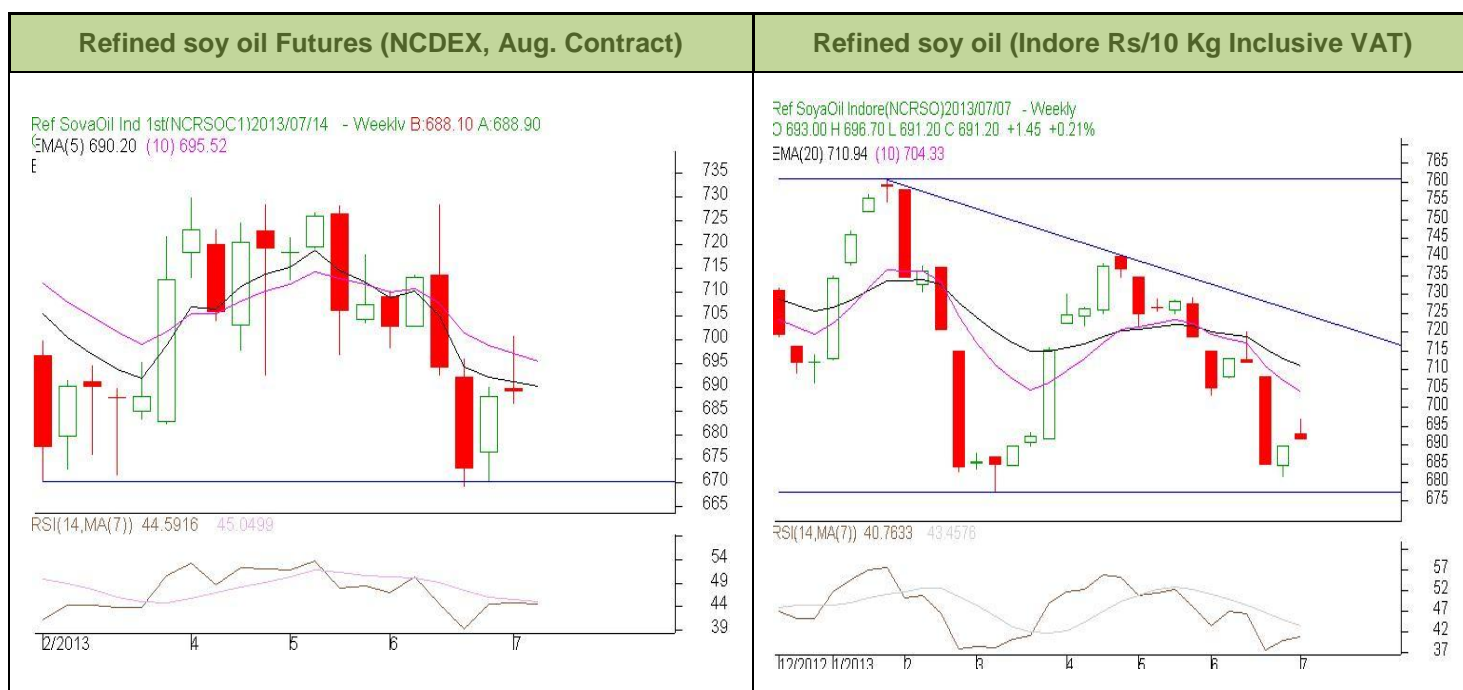


Parity USD/MT

Outlook:-

Import parity for crude soy oil from Argentina is hovering in positive territory due to higher domestic prices as compared to the international prices. We expect import parity to be in the positive side in the coming week due to higher South American soybean oil prices.

Technical Analysis (Refined soy oil Weekly Charts)



Outlook – Prices are likely to trade with a steady tone in the days ahead. Investors are advised to sell refined soy oil (Aug. contract) below 675 levels.

- ❖ Weekly chart of refined soy oil at NCDEX featured weakness. We expect prices may trade with a steady note in the near term.
- ❖ Any close above 682 in weekly chart shall change the sentiments and might take the prices to a bullish phase.
- ❖ Expected price band for next week is 660-675 level in near to medium term. RSI is near to neutral zone and shows no evidence of divergence with the ref. soy oil prices.

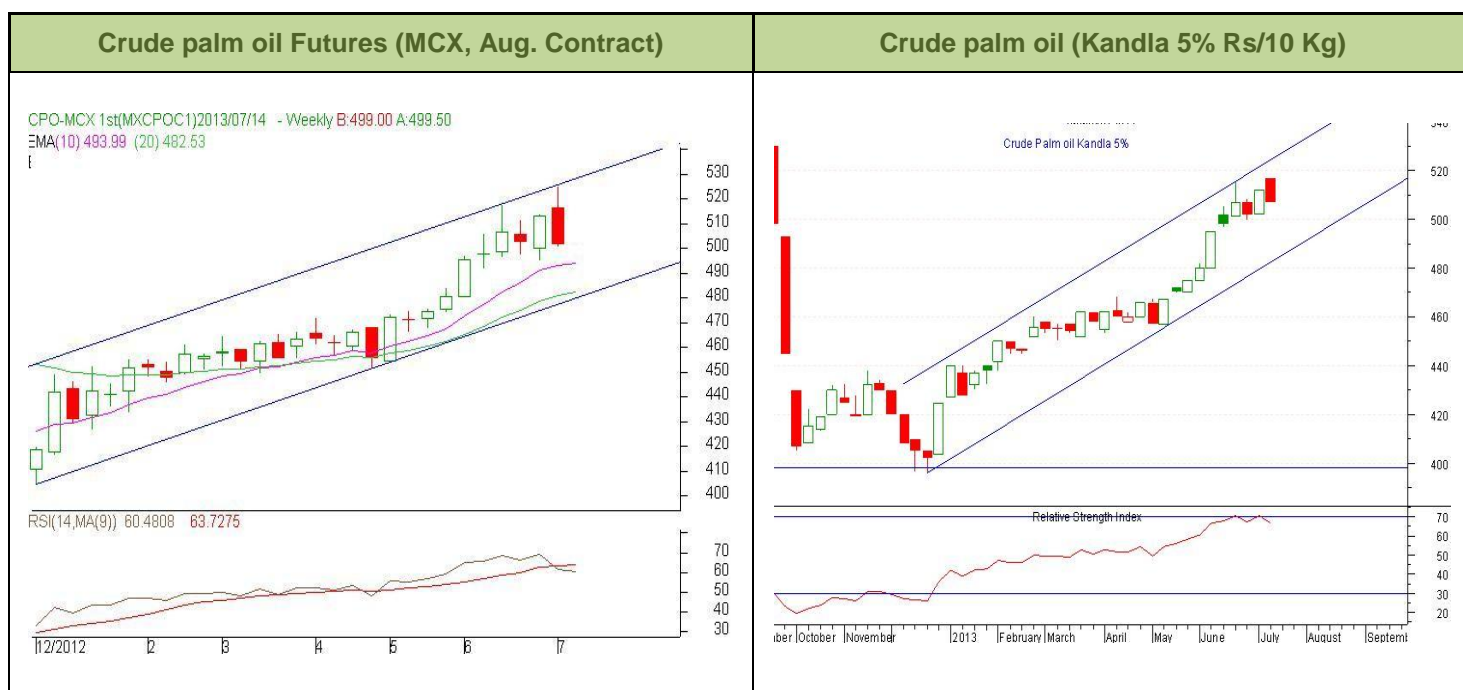
Strategy: Market participants are advised to go short in RSO below 675 levels for a target of 663 and 660 with a stop loss at 682 on closing basis.

RSO NCDEX

Support and Resistance				
S2	S1	PCP	R1	R2
645	649	669.3	684	690

Spot Market outlook: Refined soy oil Indore is likely to stay in the range of 675-695 per 10 Kg.

Technical Analysis (Crude Palm oil Weekly Charts)



Outlook - Prices may trade with a steady to weak tone in the coming days. Investors are advised to sell MCX CPO Aug contract.

- ❖ Candlestick Weekly chart of crude palm oil at MCX depicts losses in the prices. We expect prices may trade with a steady to weak note in the near term.
- ❖ Any close below 502 in weekly chart shall change the sentiments and might bring the prices to a bullish phase.
- ❖ Expected price band for next week is 495-480 level in near to medium term. RSI is in neutral zone and shows no evidence of divergence in line with the CPO prices.

Strategy: Market participants are advised to go short in CPO below 495 for a target of 485 and 480 with a stop loss at 500 on closing basis.

CPO MCX

Support and Resistance				
S2	S1	PCP	R1	R2
474	478	499.70	512	515

Spot Market outlook: Crude palm oil 5% is likely to trade sideways in the coming week. The prices are likely to stay in the range of 493-512 per 10 Kg.

Veg. Oil Prices at Key Spot Markets

Commodity	Centre	Prices(Per 10 Kg)		Change
		7/12/213	7/05/213	
Refined Soybean Oil	Kota(Loose)	655	655	Unch
	Rajkot (Loose)	640	635	5
	Jaipur (Loose)	-	-	-
	Hyderabad+ VAT	-	-	-
	Delhi (Loose)	690	692	-2
	Kakinada	-	-	-
	Mumbai +VAT	665	660	5
	Indore	662	655	7
	Soy Degum Mumbai+VAT	625	615	10
	SoyDegum Kandla/Mundra+VAT	625	612	13
	Haldiya Port (Loose)	653	-	-
	Akola (Loose)	704	701	3
	Amrawati (Loose)	704	701	3
	Jalna	706	706	Unch
	Nagpur	704	701	3
Palm Oil	Chennai.RBD.Palmolein.(Loose)	545	545	Unch
	Hyd. RBD Palmolein VAT	530	525	5
	Delhi RBD Palmolein (Loose)	578	575	3
	Kandla CPO (5%FFA)	507	504	3
	Kakinada.RBD.Palmolein(Loose)	536	524	12
	Mumbai RBD Pamolein+ VAT	540	532	8
	Kandla RBD Palmolein +VAT	545	535	10
Refined Sunflower Oil	Mumbai + VAT	820	810	10
	Kandla/Mundra	750	740	10
	Erode (Exp. Oil)+VAT	815	810	5
	Hyderabad Exp +VAT	806	781	25
	Chennai (Loose)	840	830	10
	Bellary (Exp. Oil)+VAT	751	746	5
	Latur (Exp. Oil)+VAT	766	756	10
	Chellakere (Exp. Oil)+VAT	746	736	10
Groundnut Oil	Rajkot (Loose)	1050	975	75
	Chennai (Loose)	850	780	70
	Delhi (Loose)	800	800	Unch
	Hyderabad Exp +VAT	904	894	10

	Mumbai + VAT	980	980	Unch
	Gondal+VAT	1050	975	75
	Jamnagar +VAT	1050	975	75
	Narsarropeth+VAT	801	821	-20
	Prodattour+VAT	831	826	5
Rapeseed Oil	Mumbai (Exp. Oil) +VAT	665	658	7
	Alwar (Expeller Oil)(Loose)	649	641	8
	Kota (Expeller Oil) (Loose)	645	640	5
	Jaipur (Expeller Oil) (Loose)	665	650	15
	Delhi (Exp. Oil) (Loose)	680	670	10
	SriGangaNagar(ExpOil-Loose)	651	641	10
	Hapur+VAT	711	709	2
	Kolkata	-	-	-
	Agra (Kacchi Ghani Oil) +VAT	715	700	15
Refined Cottonseed Oil	Mumbai +VAT	660	665	-5
	Rajkot (Loose)	652	655	-3
	Delhi (Loose)	635	635	Unch
	Hyderabad (Loose)	630	625	5
Coconut Oil	Kangayan (Crude)	660	670	-10
	Cochin	675	675	Unch
	Trissur	655	665	-10
Sesame Oil	Delhi	950	1000	-50
	Mumbai	1010	1040	-30
Kardi	Mumbai	1050	1050	Unch
Rice Bran Oil (40%)	Delhi	-	-	-
Rice Bran Oil (4%)	Punjab	490	490	Unch
Malaysia Palmolein USD/MT	FOB (July Shipment)	790	783	7
	CNF (July) India	828	818	10
Indonesia/Malaysia CPO USD/MT	FOB (Aug Shipment)	783	785	-2
	CNF (July) India	825	815	10
Argentina FOB (\$/MT)		7/11/2013	7/4/2013	Change
Crude Soybean Oil Ship		890	900	-10
Refined Soy Oil (Bulk) Ship		921	932	-11
Sunflower Oil Ship		1160	1140	20
Cottonseed Oil Ship		870	880	-10



Refined Linseed Oil (Bulk) Ship	-	-	-
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